

Message Text

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ACTION PM-04

INFO OCT-01 EUR-12 ISO-00 CIAE-00 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01 IGA-02

TRSE-00 EB-07 MC-02 ACDA-07 SAJ-01 /079 W

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R 191645Z NOV 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 8029

INFO SECDEF WASHDC

USCINCEUR

C O N F I D E N T I A L MADRID 8817

SECDEF FOR ISA(SA)DSAA

E.O. 11652: GDS

TAGS: MASS, SP

SUBJECT: FY77 FMS FINANCING FOR SPAIN

REF: (A) STATE 267212 DTG 292111Z OCT 76); (B) MADRID 8594
(DTG 111803Z NOV 76)

1. SPAINSH ARMED FORCES WILL ALLOCATE \$120 MILLION FMS LOAN
FOR FY77 AMONG THE THREE SERVICES SO AS TO PROVIDE \$44 MILLION
FOR ARMY, \$40 MILLION FOR AIR FORCEAND \$36 MILLION FOR NAVY.

2. SPECIFIC SERVICE REQUESTS ARE:

(A) SPANISH ARMY:

(1) IMPORVED HAWK CONVERSION - CONVERT ONE BASIC HAWK BN--
COST: THREE PAYMENTS TOTALING \$27.8 MILLION FROM FY77 FMS
CREDIT. (REMAINING \$9.3 MILLION WILL BE PAID FROM FY78 FMS
CREDIT.)

JUSTIFICATION: TO UPDATE SIGNIFICANTLY SPANISH ARMY AIR
DEFENSE AND INCREASE SYSTEM SUPPORTABILITY.

(2) CH-47 HELICOPTERS--

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COST: FINAL PAYMENT FROM FY77 FMS CREDIT OF \$8.8 MILLION FOR

COMMERCIAL PURCHASE OF 3 CH-47 HELICOPTERS.

JUSTIFICATION: PURCHASE WILL INCREASE AIR LIFT AND PROVIDE MORE FLEXIBILITY IN AIR MOBILITY PLANNING AND PROCEDURES.

(3) TOW MISSILES (78 LAUNCHERS, 2340 MISSILES INCL RELATED SUPPORT EQUIPMENT)--

COST: \$2.6 MILLIN FY77 FMS CREDIT. (REMAINING \$15.6 MILLION TO BE PAID FROM FY78 FMS CREDIT.)

JUSTIFICATION: CURRENT SPANISH ARMY ANTITANK ARSENAL CONSISTS MAINLY OF 106MM RECOILLESS RIFLES AND 3.5" ROCKET LAUNCHERS. THIS PURCHASE WILL SUBSTANTIALLY ENCHANCE THE ARMY'S ANTITANK PROSTURE.

(4) (A) ONE 155MM HOWITZER BN, SELF-PROPELLED--

COST: \$2.0 MILLION FY77 FMS CREDIT. (REMAINING \$8.7 MILLION IN EQUAL PAYMENTS IN FY78 AND FY79.)

(B) ARMORED PERSONNEL CARRIERS AND ASSOCIATED SUPPORT EQUIPMENT FOR TWO MECHANIZED INFANTRY BNS--

COST: \$2.8M FY77 FMS CREDIT. (REMAINING \$16#4M IN EQUAL PAYMENTS IN FY78 AND FY79.)

JUSTIFICATION: SPANISH ARMY IS GIVING HIGH PRIORITY TO THE MODERIZATION OF THE IMMEDIATE INTERVENTION FORCE CONSISTING OF 3 DIVISIONS PLUS 1 ARMORED AND 1 AIRBORNE BRIGADE. THESE PURCHASES WILL ENHANCE THE FORE'S STRIKING POWER.

B. SPANISH AIR FORCE:

(1) 8F-4C AIRCRAFT (IN SUBSTITUTION FOR F-4E AIRCRAFT DESCRIBED IN ART X OF SUPPL. AGREEMENT 7 OF THE TREATY--THIS MATTER IS STILL UNDER STUDY BY THE SPANISH AIR FORCE)--

COST: POSSIBLE LEASE OF AIRCRAFT AT \$6.2M OR PURCHASE AT 24.8M, TO BE PAID PARTIALLY FROM FMS CREDIT FUNDS. DECISION WILL BE FORWARDED WHEN RECEIVED.

JUSTIFICATION: RAISE SPANISH AIR FORCE F-4 WING TO PROJECTED AUTHORIZED STRENGTH OF 36 AND PROVIDE ADDITIONAL AIRCRAFT FOR CONTEMPLATED SATELLITE BASING OPERATION. WILL SIGNIFICANTLY UPGRADE AIR DEFENSE AND CLOSE SUPPORT ROLE.

(2) 17 TH-55 HELICOPTERS--

COST: \$1.2M FY77 FMS CREDIT.

JUSTIFICATION: SPANISH AIR FORCE HAS RESPONSIBILITY FOR BASIC HELICOPTER TRAINING OF SPANISH ARMED FORCES. CURRENT EQUIPMENT IS OBSOLETE AND DIFFICULT TO OPERATE AND MAINTAIN. THIS PURCHASE WILL Efectively MODERNIZE THE HELICOPTER TRAINING BASE.

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(3) 45 AIM 7E2 MISSILES--

COST: \$4.5M FY77 FMS CREDIT.

JUSTIFICATION: THIS PURCHASE WILL IMPROVE ALL-WEATHER AIR DEFENSE MISSILE CAPABILITY OF F-4C AIRCRAFT.

(4) 87 AIM-9J-1 MODIFICATION KITS--

COST: \$1.7M FY77 FMS CREDIT.

JUSTIFICATION: TO MODIFY AIM-9B MISSILES TO AIM-9J-1 CONFIGURATION. THIS WILLRESULT IN UPDATING OF ALL AIM-9

MISSILES IN SPANISH AIR FORCE INVENTORY, IMPROVING AIR DEFENSE.

(5) ELECTRONIC WARFARE EQUIPMENT--

COST: \$2M FY77 FMS CREDIT.

JUSTIFICATION: REQUIRED TO IMPROVE THE LIMITED SPANISH AIR FORCE ELECTRONIC WARFARE POTENTIAL. THE PURCHASE WILL PROBABLY INCLUDE 10ALQ-119 ECM PODS FOR F-4C AIRCRAFT.

(6) COOPERATIVE LOGISTICS SUPPORT--

COST: \$25.4M FY77 FMS CREDIT.

JUSTIFICATION: THIS PURCHASE INCLUDES APPROXIMATELY \$10.4M AIRCRAFT SUPPORT EQUIPMENT AND \$15M FOR SPARE PARTS AND OTHER CONSUMABLES FOR AIRCRAFT ACQUIRED FROM U.S. (SEE REF B FOR JUSTIFICATION OF USE OF FMS CREDIT FOR THIS PURPOSE. IN INITIAL DISCUSSIONS WITH SPANISH AIR FORCE ON THIS REQUEST, MAAG HAD ADVISED THAT PURCHASE OF CONSUMABLES IS CONTRARY TO FMS CREDIT POLICY AND HAD SUGGESTED CONSIDERATION OF OTHER METHODS OF PAYMENT. THE REACTION WAS ONE OF RESENTMENT AT THIS KIND OF RESTRICTION ON USE OF TREATY-PROVIDED CREDITS.)

C. SPANISH NAVY:

(1) 4 MSO OCEAN-GOING MINESWEEPERS AND 1 ARL MINESWEEPER TENDER (SEE ART VIII OF SUPPL. AGREEMENT 7 OF THE TREATY)--

ACTIVATION COST: (5.8M FY77 FMS CREDIT.

JUSTIFICATION: MSO'S AND ARL ARE PROVIDED FOR IN THE TREATY. FUNDS ARE MINIMUM NECESSARY TO RESTORE SHIPS TO OPERATING CONDITION. THEY WILL SIGNIFICANTLY IMPROVE SN MINESWEEPING FORCE AND ENABLE SN TO PARTICIPATE MORE FULLY WITH USN IN NAVAL OPERATIONS.

(2) 5 AV8A AIRCRAFT (HARRIER)--

COST: \$15M FY77 FMS CREDIT (OF TOTAL COST OF \$30M).

JUSTIFICATION: THESE AIRCRAFT WILL ROUND OUT THE AV8A AND TAV8A (ARRIER TRAINER) COMPLEMENT TO FORM A SPANISH NAVY FIXED-WING JET SQUADRON ABOARD AIRCRAFT CARRIER, PROVIDING AIR SUPERIORITY AND CLOSE AIR SUPPORT FOR AMPHIBIOUS OPERATIONS.

(3) 8 SH3D HELICOPTERS--

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COST: \$15.2M FY77 FMS CREDIT (OF TOTAL COST OF \$47.1M).

JUSTIFICATION: TO AUGMENT EXISTING SH3D SQUADRON OF 10 HELICOPTERS AND TO IMPROVE SIGNIFICANTLY THE SPANISH NAVY'S ANTI-SUBMARINE WARFARE POTENTIAL. THE PURCHASE WILL CONTRIBUTE TO SPANISH AND U.S. NAVAL ACTIVITIES IN THE ASW FIELD.

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